GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

Industries and Commerce Department – M/s. Mohan Spintex India Limited for providing certain tailor made benefits to set up an Integrated Ultra Mega Textile Project at Industrial Park Mallavalli, Krishna District – Orders-Issued.

INDUSTRIES AND COMMERCE (Prog.II) DEPARTMENT

G.O.MS.No. 43 Dated: 12-02-2019

Read the following:-

1. Representations received from M/s Mohan Spintex India Limited (MSIL) along with DPR, dated 15/11/2018
2. G.O. MS No. 119, Industries & Commerce (Programme-II) dated 5/9/2017
3. G.O.Ms.No.105, Industries and Commerce (Pro.II) Department, dated 12.09.2018, AP Textile, Apparel & Garmenting Policy 2018-2023
4. Minute of the State Investment Promotion Committee meeting held on 08.02.2019.
5. Minutes of the State Investment Promotion Board Meeting held on 09.02.2019

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ORDER

In the reference 1st cited, M/s Mohan Spintex India Limited (MSIL) informed that the Company was established in 2006 by Mr. Mohan Rao Vallabhaneni and Mr. Sudhakar Chowdary Vallabhanen for producing 100 % cotton yarn and woven fabrics. The company has already invested approximately Rs.500 crores in other 3 units in cotton ginning, spinning of high quality yarn, OE Spinning, twisting and weaving of sheeting & garment fabrics providing direct employment to around 2800 people in the state of Andhra Pradesh. These 3 units are located in Vattigudipadu and Remalle villages, Krishna District. MSIL is predominantly into spinning and weaving activities. The Company supplies yarn, madeup, garmenting and fabric to other manufacturers who add value through weaving, finishing, etc. Since 2006, the number of spindles have increased from 14,400 to 1,21,488. Currently, the production capacity of the units per day is 72 tons yarn and 50,000 metres fabric. The units consume 100 tons of cotton per day sourced from Andhra Pradesh, Telangana, Maharashtra, Madhya Pradesh, and Karnataka. The company exports more than 55% of its products to countries such as USA, Australia, China, Korea, Israel, and Bangladesh etc.

2. The Company proposed to set-up an Integrated Textile Project with an investment of Rs. 611 Crores in two phases with a potential to create employment 2000 people directly.

3. The proposal was discussed in the SIPB meeting held on 13/6/2017 and Government granted certain incentives in the G.O 2nd read above.

4. Post introduction of AP Textile, Apparel & Garmenting Policy 2018-2023, the company submitted revised proposal informing that they propose to set-up an Integrated Textile Project with an investment of Rs 751 crore over two phases and provide direct employment to 3,575 persons. The Captive power generated will be used internally. The project proponent has already acquired 81 acres of land from APIIC at Model Industrial Park - Mallavalli, Bapulapadu (M), Krishna District and obtained all permissions. The company has also started building construction work for Weaving shed, Processing shed, ZLD Plant and Staff & Workers Quarters. The details of the project are as detailed below:

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Year wise details of Project's Total Investment and Total Direct Employment

Parameter	Year 1 (2018-19)	Year 2 (2019-20)	Year 3 (2020-21)	Year 4 (2021-22)	Cumulative
Total Investment (INR Cr)	**114.51**	**269.87**	**52.9**	**313.88**	**751.16**
Total Direct Employment	**2,050 (1000 women, 1050 men)**		**1,525 (825 women, 700 men)**		**3,575**

a. The investor intends to setup "Integrated Textile Unit" in following phases:
   - Phase 1 will consist of Wider width Weaving, Processing & Bed Lenin
     - Weaving - 168 looms (wider width) - 39,000 Mtrs/day
     - Processing (Bleaching, Dying and Printing) - 100,000 Mtrs/ day (3 shifts)
     - Cut Make and Trim (CMT) - 15,000 Sheet sets/ shift

   - Phase 2 will consist of Narrow width Weaving, Processing, Garmenting & Power Plant
     - Narrow width Weaving – 182 Looms (narrow width) - 84000 Mtrs/day
     - Apparel Processing – 100,000 Mtrs /day
     - Garmenting (Shirts) – 3,600 nos/day
     - Wind Power – 4.2 MW
     - Solar Power – 6.0 MW

5. In the references 1st read above, M/s Mohan Spintex India Limited (MSIL) has requested for the following revised package of incentives for their Integrated Textile Project at Mallavalli Industrial Park, Krishna District.

a) Interest subvention to be considered for 10 years or Term Loan period whichever is earlier for both the phases with effect from 1st drawl of term loan.
b) Power subsidy to be reimbursed @ Rs.2 per unit for a period of 10 years for both the phases with their respective date of commencement of production.
c) 50% cost of Maintenance and operational cost for Effluent Treatment plant and Zero Liquid Discharge plant to be reimbursed for 10 years.
d) 2.5 MLD water to be supplied by APIIC at the cost of Rs 10 (Ten) per KL.
e) Permission to draw water from Polavaram Canal (Near Seetharampuram).
f) 132 KV Sub Station to be provided at our premises by APSEB.
g) If our garment unit located at a different location in the same Industrial park may be considered as a part of composite integrated Mega Textile unit.
h) Existing Solar and Wind mill power policy for captive consumption to be extended to this project for 5 years from the date of first COD.
i) Employment subsidy to be considered for 10 years for both the phases.
j) 50% subsidy on land cost for land allotted at Mallavalli IP.
k) Include the investment made in Unit 3 in year 2015-2017 in Remalle Village, Bapulapadu Mandal, Krishna District (Inv: INR 275.85 Crores; Employment: 1,800 persons) along with the new project proposal (Unit 4) and consider the entire investment under Ultra Mega industries category and extend the incentives to 10 years for all the investment made for Unit 3 as well.

6. In the references 4th and 5th read above, the proposal was discussed in detail in the State Investment Promotion Committee meeting held on 08.02.2019 and State Investment Promotion Board meeting held on 09.02.2019. The State Investment Promotion Board discussed the proposal in detail and noted that it is the 1st Major integrated Textile project coming up in the State, which will create an eco-system for development of Textile Processing Cluster. Further it was also noted that the local industries could get their grey cloth processed in the proposed facility, instead of going to other State's, which will pave a way for further value addition within the State.

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After detailed discussions and considering various precedent cases, the Board decided to extend the following incentives based on the critical needs of an integrated textile project.

a) To consider the garment unit located at a different location, in the same Industrial park, where MSIL project is located, as a part of composite integrated Mega Textile unit.

b) To provide 50% subsidy on land cost, as envisaged in the AP Textile, Apparel and Garments Policy 2018-2023

c) To provide power subsidy at Rs. 2 per unit for a period of 10 years for both the phases of unit 4, from their respective Date of Commencement of Commercial Production (DCP).

d) To provide monthly employment subsidy of Rs. 3750 per women and Rs. 3000 per men for 10 years for both the phases.

e) 50% Reimbursement of Maintenance and Operational cost for Effluent Treatment plant and Zero Liquid Discharge for 10 years.

f) To provide capital subsidy on ETP as per AP Textile, Apparel and Garmenting Policy 2018-2023

g) APIIC to supply 2.5 MLD water @ Rs 10 per KL for a period of 10 years from DCP.

h) With regard to Permission to draw water from Polavaram Canal (Near Seetharampuram), Water Resources Dept. requested information from unit for consideration

i) All other incentives as per the AP Textile, Apparel and Garments Policy 2018-2023.

j) The total quantum of all incentives shall be limited to 100% of the Fixed Capital Investment and 80% of the employment shall be provided to local people.

k) Considered unit 3 as standalone, and can opt for migrating to new Policy for remaining eligible period.

l) With regard to Wind and Solar Power 2018 policies – NREDCAP informed that the Operating period is 5 years and incentive eligibility for unit is for a period of 10 years from COD.

7. The Government after careful examination of the decisions of State Investment Promotion Board (SIPB), hereby extend the following incentives to M/s Mohan Spintex India Limited (MSIL) for their proposed Integrated Textile Project with an investment of Rs 751 crores over two phases and provide direct employment to 3,575 persons.

a) To consider the garment unit located at a different locations, in the same Industrial park, where MSIL project is located, as a part of composite integrated Mega Textile unit.

b) To provide 50% subsidy on land cost, as envisaged in the AP Textile, Apparel and Garments Policy 2018-2023.

c) To provide power subsidy at Rs. 2 per unit for a period of 10 years for both the phases of unit 4, from their respective Date of Commencement of Commercial Production (DCP).

d) To provide monthly employment subsidy of Rs. 3750 per women and Rs. 3000 per men for 10 years for both the phases.

e) 50% Reimbursement of Maintenance and operational cost for Effluent Treatment plant and Zero Liquid Discharge for 10 years.

f) To provide capital subsidy on ETP as per AP Textile, Apparel and Garments Policy 2018-2023.

g) APIIC to supply 2.5 MLD water @ Rs 10 per KL for a period of 10 years from DCP.

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h) All other incentives as per the AP Textile, Apparel and Garments Policy 2018-2023.

i) The total quantum of all incentives shall be limited to 100% of the Fixed Capital Investment and 80% of the employment shall be provided to local people.

j) To consider the unit 3 as standalone unit and can opt for migrating to new policy for remaining eligible period.

k) Advised the Company to furnish the information sought by the Water Resources Dept. for granting permission to draw water from Polavaram Canal (Near Seetharampuram).

l) With regard to Wind and Solar Power 2018 policies – NREDCAP informed that the Operating period is 5 years and incentive eligibility for unit is for a period of 10 years from COD.

8. The V.C & M.D, APIIC and Commissioner of Industries, Vijayawada shall take necessary action accordingly.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

SOLOMON AROKIA RAJ
SECRETARY TO GOVERNMENT&CIP

To
The VC&MD, APIIC Ltd. Vijayawada.
The VC&MD, NREDCAP,
Tadepalli, Guntur District.
The Commissioner of Industries, Andhra Pradesh, Vijyawada.
The Prl.Secretary to Government. E, I& I Department,
M/s Mohan Spintex India Ltd., through the Commissioner of Industries, Andhra Pradesh.
The Collector& District Magistrate, Krishna District.
The General Manager, District Industries Centre, Krishna District. The Zonal Manager, APIIC, Krishna District
The Law (H) Department,
The PR& RD (PR) Department.
The MA& UD Department.
The H.M.& F.W. Department.
The EFS&T Dept.
The TR&B Dept.
The Energy, I&I Dept.
The LET&F dept.
Copy to,
The Finance (EBS-VIII) Department.
SF/SC.

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SECTION OFFICER